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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM: Joe L. Zaring
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SUBJECT: Monthly Warning Assessment: Western Europe

CANADA

1. The Liberal Party's victory in the 19 February elections will probably exacerbate differences within Canada on the unity question. Prime Minister Trudeau will try to minimize Ottawa's concessions to the provinces despite increasing pressure for autonomy not only from Quebec but also from the western provinces seeking greater control over energy resources. Given Trudeau's professed intention to step down before the next election, he has a somewhat freer hand. Nonetheless, his government may be tempted to avoid hard budgetary decisions -- for example, on defense issues like a new fighter-bomber or new naval programs -- and Canadian military preparedness could erode further. Trudeau is likely to pursue a foreign policy more conciliatory toward the Soviet Union and more openly sympathetic toward the Third World than the Clark government did.

SPAIN

2. Continued violence in the Basque country has provoked increasingly organized rightist reactions. While this has led Madrid to assert more direct control of police forces there, it is not clear that Prime Minister Suarez has backed away from his basic strategy of forcing the Basque moderates to

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deal with the Basque terrorist problem. But there are signs that he will be slow to implement the agreement on Basque autonomy. And his move to slow down the autonomy process in other provinces may spill over into his relations with the Basque region, where it could undermine the moderates -- some of whom speak increasingly of a desire for independence, rather than autonomy. The continued tensions over the regional problem, Suarez' style of governing, and the country's economic problems have created considerable malaise in Spain and evoked some nostalgia for the familiar old times under Franco.

UK-RHODESIA

3. Should the UK face a breakdown in the Rhodesia settlement process, Prime Minister Thatcher may consider sending in British troops. But it is not clear that she would receive much support at home for such a move, or where British troops would come from given their commitments elsewhere. The UK may hope to deal with a Rhodesian crisis with only a few forces, on the view that they would be fighting only Mugabe's people and that the frontline states would not be hostile.

UK-DOMESTIC POLICY

4. The government's new proposals for labor legislation fall short of Thatcher's original plans and will not restrain labor very effectively, but will nevertheless anger union leaders. The government's credibility will be further undermined by the outcome of the steel strike, unless the government can successfully disguise its concessions. If the strike drags on, and if other serious labor and economic problems persist, the already sharp debate over the entire Thatcher program for turning the British economy around will intensify. In turn, renewed preoccupation with the fundamental orientation of British domestic policy could undermine prospects for Britain to resume the larger role in world affairs Thatcher has stood for.

TURKEY

5. The growing challenge to public order in Turkey arises partly from a leftist reaction to the government's security crackdown and partly from the hardships imposed by fuel and other shortages during an especially severe winter. Demirel's austerity measures have also sharply aggravated public restiveness, even though many goods priced far higher than before had not been widely available.

6. So long as Demirel acquiesces in what the military want, they will be more likely to operate behind the scenes than to move toward more direct control of the government. But Demirel may be forced to resign if the military become convinced that a government of national unity could deal more

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effectively with Turkey's multiple crises. Alternatively, they might seize power directly if the country seems headed for a mass uprising or civil war.

7. Given the painful side effects of measures aimed at turning the economy around, Demirel may not be able to stick to his economic program. Whether Turkey can reverse its downward spiral, both economically and socially, will depend on outside support and on the Turks' own capacity for discipline and attachment to order.

US-EUROPE-SOUTHWEST ASIA

8. The EC foreign ministers' proposal for Afghan neutralization serves European purposes well by offering a face-saving framework for Soviet withdrawal. The proposal implies greater Western unity on a neutralization formula than probably exists, while drawing attention away from issues on which the Europeans and the US still have major differences -- especially sanctions on credit, technology, and the Olympics. Moreover, the proposal underscores once more underlying differences in analysis, with the Europeans still stressing the more limited nature of the Afghan crisis and discounting the security threat to Europe itself. We remain skeptical that the Europeans will significantly increase defense efforts in Europe as a result of the crisis, although their support for Turkey and the southwest Asia region will increase.

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